



Wisconsin Shares Child Care Subsidy Policy Manual

Chapter 4: Program Integrity Provider Policy Manual

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Acronyms

AE –	Agency Error
ALJ –	Administrative Law Judge
ARF –	Attendance Report Form
BECR –	DCF Bureau of Early Care Regulation
BPI –	Bureau of Program Integrity
BV –	Benefit Recovery
BVCO –	Claims for Child Care Provider screen in benefit recovery
BVPP –	Child Care Provider Repayment Agreement screen in benefit recovery
BRO –	DCF Bureau of Regional Operations
CARES –	Client Assistance for Re-employment and Economic Support
CC –	Child Care
CCAP –	Consolidated Court Automation Programs
CCPI –	Child Care Provider Information Web
CE –	Client Error
CRES –	Central Recoveries Enhanced System
CSAW –	Child Care Administration on the Web
CWW –	CARES Worker Web
DCF –	Department of Children and Families
DHA –	Division of Hearing and Appeals
DOR –	Department of Revenue
EOS –	Enterprise Output Solution
FEV –	Front End Verification
IPV –	Intentional program violation
LFAM –	Licensed Family Child Care Provider
LGRP –	Licensed Group Child Care Provider
MECA –	Milwaukee Early Care Administration
NPL –	Notice Prior to Levy
OLC –	DCF Office of Legal Counsel
PACU –	Public Assistance Collection Unit
PE –	Provider Error
RPA –	Repayment Agreement
SISO –	Sign In/Sign Out Attendance Sheets
WEBI –	Web Intelligence

4.0 Program Integrity Overview

County, tribal and W-2 agencies are responsible for preventing and correcting improper payments, establishing and collecting overpayments, and determining which providers should be referred for overpayment, to the fraud investigator, and/or to the District Attorney's office for criminal prosecution. These responsibilities encompass eligibility, authorizations, attendance reporting, YoungStar and all other activities related to the expenditure of Wisconsin Shares benefits.

[Chapter 49.155](#) of the Wisconsin Statutes, Administrative Code [DCF 201](#), [202](#), [250](#), and [251](#); and Chapters 3 and 4 of the Wisconsin Shares Child Care Assistance Manuals provide authority, guidance and direction as it relates to program integrity efforts for the Wisconsin Shares program.

4.1 Front End Verification – Policy Overview

Prevention of improper payments is crucial to reducing the number and size of potential overpayments. Local agencies are required to establish a Front End Verification (FEV) process in their annual fraud plan that describes the agency's process of intense scrutiny of specific elements or circumstances of individual cases or child care providers that exhibit evidence or characteristics of potential program violations.

When a provider is referred to a local agency or investigator, s/he performs a more in-depth verification and investigation. FEV focuses on particular elements or circumstances of a specific provider. The local agency or investigator confirms or verifies the accuracy of information provided by the referral. S/he uses the results of the FEV to determine the need for a fraud investigation referral when applicable. The agency's FEV process should include an error prone profile, a referral process for FEV investigations and an investigation process.

4.1.1 Front End Verification – Prevention

The primary goal of FEV is to ensure accurate benefit issuance before benefits are issued. The results of FEV are used to determine potential overpayments and the need for further fraud control actions. By having a successful FEV, using red flag reports, addressing referrals, conducting in-person visits, reviewing attendance records and performing desk reviews; agencies can reduce potential provider overpayments as well as the workload associated with them.

Local agencies must establish an error-prone profile for all workers to use to determine if a provider meets criteria for an FEV referral. Measure all cases against the error-prone profile in a consistent manner to avoid biased selection for FEV. Workers should refer a case for FEV when it meets the error-prone profile.

Error Prone Profile

An error-prone case profile is a list of characteristics recognized by the local agency as common to error cases. Providers showing these characteristics or meeting the error-prone profile are referred for FEV.

The local agency's Error Prone Profile characteristics should be evaluated regularly to determine if they are actually identifying errors. The recommended target is that 30% of those cases referred to FEV would result in a referral to the Fraud Investigator. If an agency, does not meet the 30% target, the agency should remove characteristics that are not error prone and consider adding other characteristics that the local agency believes may be error-prone, as appropriate.

The criteria must accommodate situations applicable to the local agency. One method of creating the profile is to use quality control reports on cases in which potential fraud was identified by workers. Another would be a review of cases referred for fraud investigation where fraud or error was found by formal investigation. By examining actual fraud cases, it's possible to determine types of situations that resulted in error. It's also possible to discover from these cases a pattern of clues or signs of potential fraud.

Some simple possible "red flag" examples,

- Are there more than 1.5 authorizations per slot?
- Does the provider report perfect attendance?
- Are there school age children with full time authorizations?
- Do several parents work for the child care provider?

Because error-prone profile criteria are likely to change over time, review the criteria annually as part of your fraud plan. Economic condition changes in your area may influence the criteria. FEV activities may prove that some characteristics originally thought to show potential errors are irrelevant and not cost effective to pursue.

The following are characteristics that **may not** be used when developing an error prone profile: race, color, national origin, ethnic background, sexual orientation, religion, age, political belief, disability, association with a person with a disability or marital status. Federal regulations specifically prohibit error-prone profiles from targeting migrant farm workers or Native Americans.

Authorizations

At the time authorizations are issued, additional consideration and review should be given to ensure proper eligibility exists, hours to be authorized are for the appropriate duration, and that the authorization would not put the child care provider in violation of licensing, certification, or subsidy regulations. Granting or renewing an authorization that is likely to result in a subsequent provider investigation is inappropriate and will create far more investigative work for the local agency in the future determining ineligibility and calculating and establishing overpayments for ineligible periods. The local agency has the authority to refuse to issue new child care authorizations and may require the provider to clarify or correct a concern or matter prior to issuing the authorization – DCF 201.04(5)(c)1. The local agency also has the authority to revoke an existing authorization and may require the provider to clarify or correct a concern or matter prior to re-issuing the authorization – DCF 201.04(5)(c)2. (See section 4.6.2)

Payment Processing

At the time online and paper attendance records through Child Care Provider Information (CCPI) are received and are being processed for payment by the local agency, additional consideration and review should be given to ensure proper payments are being issued. The local agency must review all red flags commonly associated with fraud and inaccurate reporting. For attendance reports that are questionable, the local agency has the authority to temporarily refuse payment until the provider has clarified or corrected the matter - DCF 201.04(5)(c)3. (See section 4.6.2)

Confidentiality

Do not divulge information about the investigation for any purpose not connected with the **direct administration** of the benefit programs. Penalties for unauthorized release of an applicant or recipient's information may include a fine of \$25 to \$500 or imprisonment of 10 days to more than one year or both. (§49.83, Wis. Stats)

4.2 Authorization Utilization – Citations: Statutes and Administrative Codes

- Statutes
 - 49.155(3m)(e) – Qualifying child
 - 49.155(6g) – Authorized child care hours
 - 49.155(6g)(am) – Utilization reviews
- Administrative Code
 - DCF 201.04(2)(g) – Discretion to deny authorizations
 - DCF 201.04(5)(c) – Penalties for subsidy violations

4.2.1 Authorization Utilization – Policy Overview

The Role of the Authorization Worker

Authorization workers play a vital role by identifying potential red flags before violations of the Shares program occur. Authorization workers are permitted to refuse new authorizations if the authorization would place the provider in violation of the 40% rule, exceed licensed or certified capacity, or if acceptable employment or other approved activity has not been verified.

The Department is **required** to adjust **enrollment-based authorizations** that are under-utilized by tracking a child's usage of a slot over a 6-week period. If the total utilization during the 6-week period falls below 60% of the total authorized weekly hours, the Department must adjust the authorized hours of child care so that the new authorization is at 90% of the highest attended week. Local agencies are not encouraged to manually reduce under utilized authorizations to accurately reflect hours of care actually being used for enrollment-based authorizations, but instead let CSAW automatically recalculate the authorization.

The local agency must conduct a manual review of **attendance-based authorizations** for underutilization and manually adjust the authorization if necessary. An authorization worker should exercise good judgment when increasing or decreasing authorizations.

Auto Adjustment for Enrollment-Based Authorizations

Authorizations will not be reduced if an absence is due to any of the following reasons:

- One week per year of vacation time for the child care provider
- One week per year of sick time for the child care provider
- Two weeks per year of vacation time for the child's parent
- Medical leave from work (parent) or from child care (child) – (up to 6 weeks)
- Temporary break in employment (up to 4 weeks)
- Temporary layoff (up to 4 weeks)

At the end of each attendance period (every other Saturday), the system will analyze 6 weeks of attendance. If the **total** utilization falls below 60% of the authorized weekly hours, the system will recalculate the authorization, send a notice to the parent and the provider and two weeks later will adjust the authorization to be 90% of the highest attended week. NOTE: The reverse never happens. The system will not automatically increase the number of hours if the child is over-utilizing a slot. If a child needs more care than what is authorized, the worker must manually adjust the authorization.

Example of a reduction:

John has a 50-hour enrollment-based authorization to ABC Child Care. His attendance during a 6 week period is as follows:

Week 1 - Total authorized hours = 50, Total attended hours = 20

Week 2 - Total authorized hours = 50, Total attended hours = 0

Week 3 - Total authorized hours = 50, Attendance has not been marked.

Week 4 - Total authorized hours = 50, Total attended hours = 40

Week 5 - Total authorized hours = 50, Total attended hours = 10

Week 6 - Total authorized hours = 50, Total attended hours = 0 with approved absence (Parent Vacation).

In this example, the number of weeks considered as utilized is four (Weeks 1, 2, 4 and 5). Since Week 3 does not have attendance, the system ignores that week. Also, when there is an absence due to one of the reasons listed above, the system does not include that week into calculation.

Total authorized hours (Wk 1, 2, 4, 5): 200

Total attended hours for these weeks: 70

Total utilization for the above case will be 70/200 which is less than 60%. The system will adjust the authorized hours to be 90% of the highest attended week. Week 4 has the highest attendance – 40 hours. The new authorization will be 36 hours/week.

Below shows the adjustment calculation for the above example:

On Saturday (wk 8), the system analyzes the attendance for weeks 1 to 6. If total attendance is <60%, the system creates a new authorization with effective date 2 weeks later (Sunday of wk 11)

Auth notice sent to parent and provider

Sunday of wk 11, a new Auth of 36 hours will start

Attn Period	1		2		3		4		5		6	
Week	Wk1	Wk2	Wk3	Wk4	Wk5	Wk6	Wk7	Wk8	Wk9	Wk10	Wk11	Wk12
Attn Hours	20	0	No atnd	40	10	Vaca-tion	30	25				
Auth Hours	50	50	50	50	50	50	50	50	50	50		

Saturday of Wk 10, the system will analyze utilization for weeks 3-8 (105 atnd hours/200=<60%). Auth won't change because it is already set at 90% of highest attended week (wk4=40).

Manually Calculated Authorizations

The following authorizations are manually calculated by the worker and the authorization rate is entered into CSAW:

- Special needs authorizations
- Authorizations using the 'other' rate

4.2.2 Authorization Utilization – Prevention

Program integrity is an integral and ongoing part of the childcare authorization process. Authorization workers are responsible for ensuring childcare subsidy authorizations are issued appropriately. To assist the authorization workers in identifying potential problem cases, a list of “red flags” or error prone case indicators has been developed. A case meeting one or more of these criteria does not automatically mean it is in error or is fraudulent, but it does indicate that the case needs further monitoring and investigating prior to granting an authorization.

If CSAW automatically adjusts a client's authorizations, or the local agency manually adjusts the client's authorizations, the local agency should perform a more detailed review if the client or provider contacts the local agency requesting the authorization be increased to a higher number of hours or to the previous number of hours. The authorization was adjusted as a result of reported under-utilization; therefore the client or the provider must sufficiently provide proof why an authorization that was previously being underutilized for a continuous period will no longer be underutilized.

Agency Refusal to Authorize to a Child Care Provider

1. The child care administrative agency may refuse to issue an authorization to a licensed provider if the child care provider refuses to submit documentation of their prices in response to an agency request.

2. The local agency may limit the number of children authorized to a certified or licensed family provider for the period of time that it appears the provider may be over the group size limitations. Before authorizing to a family provider, when they appear to be over their group size, the provider must show why he/she would not exceed the applicable group size limitation.

Local agencies should not authorize additional children to a provider that appears to be over their group size until the provider has been able to show that they would not be over their group size. Providers can show that they are not over their group size by submitting information listing the children in care, the hours and times of care, the child's age and the child's relationship to the provider. If the information shows that already-authorized children are not receiving as much care as they are authorized for, existing authorizations should be adjusted before additional children are authorized to the provider. Child care provided when the provider is over capacity is not eligible for subsidy payment as the provider is out of compliance with their regulation during this period of time.

4.2.3 Authorization Utilization – Parents that are also Child Care Providers

Parents who are child care providers may not receive Wisconsin Shares authorizations for another provider unless the parent applies for and receives a waiver. Waivers may be granted for individual children under the following circumstances:

- The parent/provider is a foster parent, or
- The parent/provider is a kinship care relative with a court order for placement and is receiving a kinship care benefit for the child, or
- The parent/provider is a legal guardian receiving subsidized guardianship payments for the child, or
- The child has a special need and the child's parent/provider is unable to care for the child at the provider's own home or group center, as verified by a physician or other qualified medical professional, or
- The child's parent is a dependent minor parent who is enrolled in high school or a course that is approved by the state superintendent of public instruction for granting a high school graduation equivalency and resides with a person who is considered a parent and also a child care provider.

Waiver Process

A parent who is a child care provider may apply to the local agency for a waiver to authorize care for the provider's child(ren) from another provider. The waiver request shall be in writing on the form prescribed by DCF ([DCF-F-432-E](#)). The waiver shall be granted or denied by the local agency within ten (10) business days of receipt of the completed waiver application. The waiver must be granted in the following circumstances:

- The parent is the child's foster parent as confirmed by eWiSACWIS or other supporting verification.
- The parent is the child's guardian or interim caretaker and is receiving subsidized guardianship payments for the care and maintenance of the child as confirmed by eWiSACWIS or other supporting verification.
- The parent is the child's kinship care relative, the child has been placed with the relative under a court order and the relative is receiving kinship care payments for

the care and maintenance of the child. A copy of the court order for placement is required.

- The child has a special need and the child's parent is unable to care for the child at the provider's home or group center. The parent/provider must obtain a statement from a physician or other qualified medical professional that the child has special needs and that the parent is unable to care for the child at the parent/provider's child care location.
- The child is a child of a dependent minor parent who is enrolled in high school or a course that is approved by the state superintendent of public instruction for granting a high school graduation equivalency and the minor parent resides with a parent/provider. A school schedule is required.

4.3 40% Rule – Citations: Statutes and Administrative Codes

- Statutes
 - 49.155(3m)(e) – 40% rule and “qualifying child”

4.3.1 40% Rule – Policy Overview

2009 Wisconsin Act 28 created new statutory language s.49.155(3m) (e) that provides the Department and local agencies that Wisconsin Shares subsidy payments may not be paid on behalf of children of employees of a provider, if more than 40 percent of all children enrolled by the provider are children of employees. The new law also provides that when the Department or local agency finds a provider to be in violation of this rule, the provider shall be given a six-week notice prior to ending authorizations for those children. This allows the provider the opportunity to come into compliance with the law.

s.49.155(3m) (e) only allows the payment of child care subsidies on behalf of parents who are employed by the provider if the provider is **licensed** under s.48.65. **Thus, children of parents who are employed by certified providers are not eligible for a Shares authorization at the certified provider which employs the parent.**

Child care funds may only be distributed to a child care provider licensed under s.48.65 if at least 60 percent of the children for whom the child care provider is providing care are “qualifying children”. A qualifying child is defined as:

- He or she is not a child of an employee of the child care provider **and**
- He or she does not reside with an employee of the child care provider.

On a monthly basis, the local agency must monitor child care providers to ensure they are following the new law by running the Parent Employment Summary by County report from CSAW, documenting the status of each provider and reporting this to their Bureau of Regional Operations (BRO) child care coordinator. For those providers that are out of compliance, the local agency shall also send a 6-week notice, 2-week notice, and end child care authorizations for all Shares children of employees to those providers that do not come into compliance.

4.3.2 40% Rule – Detection

To calculate the actual percentage of qualifying children:

- Determine the total number of children authorized* (and private pay children) for the child care provider for **all** locations combined.
- Determine the total number of “non-qualifying” authorizations for the child care provider for all locations. Non-qualifying authorizations are for children who reside with employees of the child care provider or whose parent has reported his or her employer as being this child care provider.
- Take the number of “non-qualifying” authorizations and divide that number into the total number of authorizations (and private pay children) for the child care provider. If the resulting number is greater than 0.40, the provider is **not** in compliance with the 40% rule.
- Take the total number of authorizations (and private pay children) and multiply it by 0.4. If the resulting number is not a whole number, disregard the numbers to the right of the decimal point and use just the remaining whole number. This is the maximum number of “non-qualifying” children for which the provider may care and receive Wisconsin Shares subsidy payments. NOTE this number will change as the total number of authorizations increases or decreases.

*A child can have more than one authorization.

Example: On January 1, 2011, ABC123 daycare has only 1 location with 15 Shares authorizations and 60 private pay children, for a total of 75 children. Of the 15 Shares children, 7 of them are children of employees of the provider and are considered “non-qualifying” children. However, in CSAW this provider will appear to be violating the rule and the Parent Employment List screen will say “47% of parents appear to be employed by the provider”.

CSAW only counts the Shares authorizations. To determine the accurate percentage, the local agency worker must divide 7 (non-qualifying children) by 75 (total children) which equals 9%. So in January, ABC123 is actually well below the 40% rule and therefore, no action is needed.

The alternative way to determine if a provider is violating the 40% rule is to take the total number of children and multiply by 0.4. In this example, ABC123 daycare needs to have 30 or more children of employees (and/or children who reside with the employees) of the provider to be in violation of this rule ($75 \times 0.4 = 30$).

When the local agency can reasonably determine that a licensed group center is caring for a large number of children, but only a small percentage include subsidy children, it is reasonable to reach the conclusion, although CSAW shows a possible no-compliance, that the larger numbers of private pay children brings the provider into compliance. The local agency is not required to identify the actual number of private pay children, rather a notation may be made by the local agency that the provider is in compliance.

If an out of state provider accepts Wisconsin Shares children, the provider can count children from their “home state” as qualifying children when calculating the 40% rule. For example, XYZ daycare is located in Sometown, MN. 15 children attend the daycare of which 9 are from Minnesota and 6 are Wisconsin Shares children, whose parents all work for the provider. The provider would not be in violation of the rule as they would be right at 40%. (6 non-qualifying children divided by 15 total children).

Example: If a provider in a surrounding state such as Minnesota, Illinois, Iowa or Michigan accepts Wisconsin Shares subsidy children, they are also subject to the 40% rule and must be monitored by the local agency. CSAW only identifies Shares authorizations, it does not identify private pay, or out of state subsidy children; the local agency will need to research and determine if the presence of private pay or out of state subsidy children increase the provider’s numbers and brings them into compliance.

4.3.3 40% Rule – Enforcement

Six Week Notice: Initial Violation < 30 days

If a provider has been verified to be out of compliance with the 40% rule, the local agency worker should send a six week notice (on the local agency letterhead) to the provider and copy your BRO Child Care Coordinator. This notice informs the provider that they are currently out of compliance and that if the provider does not come into compliance within six weeks, all authorizations for children of parents employed by the provider will be terminated.

[Six Week Notice Template](#)

Two Week Notice: Continued Violation > 30 days

For providers who have received a 6 week notice and appear on the subsequent months report, the local agency should issue a 2 week notice (on the local agency letterhead) to the provider and copy your BRO Child Care Coordinator, informing them that all authorizations to children of employees of the provider will be ended in two weeks due to the provider continuing to be out of compliance. [Two Week Notice Template](#)

Ending Shares Authorizations: Termination of Authorizations

Within seven days of sending the two week notice, the local agency should end the authorizations to the children of employees of the provider, effective the Saturday of the second week following the issuance of the two week notice, unless the provider has given sufficient documentation to show that the provider is now in compliance. This will allow CSAW to issue the 7 day notice to both providers and parents that the authorizations are ending.

If the provider documents that he or she is in compliance prior to the authorization end date, the local agency should restore the authorizations to their original end dates. If the provider documents that he or she is in compliance after the authorizations have ended, the authorizations may be restored with the begin date being the Sunday of the week in which the provider gave sufficient documentation to show that the provider is now in compliance.

In instances where authorizations are for parents who reside in a different county than the provider, the county in which the provider is located is responsible for monitoring and enforcing this policy. The responsible county will need to copy the other county on both the six week and two week notices and work with the county responsible for the authorization to have those authorizations ended if necessary.

4.4 Attendance Reporting, Billing, and Retention – Citations: Statutes and Administrative Codes

- Statutes
 - 49.155(6m) – Recordkeeping
- Administrative Code
 - DCF 201.04(5)(c)1 – Refusal of new authorizations
 - DCF 201.04(5)(c)2 – Revoking existing authorizations
 - DCF 201.04(5)(c)3 – Refusal of payment
 - DCF 201.04(5)(c)4 – Recoupment of overpayment
 - DCF 201.04(5)(c)5 – Forfeiture on the provider
 - DCF 201.04(5)(cg) – Forfeitures
 - DCF 201.04(6) – Monitoring
 - DCF 250.04(6)(a) – LFAM Maintaining Current Written Record
 - DCF 250.04(6)(b) – LFAM Maintaining Current Accurate Written Record of Daily Attendance
 - DCF 251.04(6)(a) – LGRP Maintaining Current Written Record
 - DCF 251.04(6)(b) – LGRP Maintaining Current Accurate Written Record of Daily Attendance

4.4.1 Attendance Reporting, Billing, and Retention – Policy Overview

Local agencies play a vital role by identifying potential red flags before violations of the Shares program occur, while processing child care provider attendance reports. Local agencies are permitted to refuse to process payments if the provider is violating the Shares program rules. Less investigative work is required by the local agency and the Department if the local agency or Department is successful in preventing violations traditionally associated with Shares fraud from ever occurring. As part of the in-person red flag process, regulation staff is encouraged to look for and document potential red flags that are commonly associated with Shares fraud.

4.4.2 Attendance Reporting, Billing, and Retention – Prevention

A child care provider is required to accurately record the daily hours of attendance for each child in care and can do so through:

1. Paper attendance records (ARF's)
2. Electronic reporting
 - A provider can electronically report attendance in the Child Care Provider Information (CCPI) system in three different modes. (See [Chapter 2](#) for descriptions.)
 - Weekly mode
 - Daily mode
 - In/out Mode

4.4.3 Attendance Reporting, Billing, and Retention – Detection

According to [s.49.155\(6m\)](#), a child care provider shall maintain a written record of the daily hours of attendance of each child for whom they are providing care, including actual arrival and departure times for each child. The child care provider shall retain the written daily attendance records for each child for at least 3 years after the child's last day of attendance.

In most circumstances, the provider should report for reimbursement from the Wisconsin Shares program, the same hours the child was in attendance as recorded on the sign-in sign-out sheets. However, there are some situations where the provider should not report time for reimbursement from Wisconsin Shares including the following situations:

- Child care is provided above regulated capacity;
- Child care is provided outside of regulated hours or days of operation;
- The parent is paying for the care him or herself or the provider is not requesting payment for the care;
- The child is in shared placement and the attended time is for care provided when the child is not with the parent with the Wisconsin Shares subsidy.

SISO to ARF Deviation

When the sign-in sign-out sheets contain more hours than reported on CCPI due to the above situations, the provider must document the reasons by attaching the information to the sign-in sign-out sheets.

In addition to the requirements in s.49.155(6), local agencies have several additional options for monitoring child care providers. [DCF 201.04\(6\)](#) allows agencies to do one or more of the following:

1

Require the provider to submit documentation signed by the parent

Require the provider to submit documentation signed by the parent of the actual times that the child was dropped off and picked up from the child care provider. Because parent signatures are not a requirement on the sign in/out sheets that providers are required to keep on site, providers should receive an advance notice from the local agency that parent signed documentation will be a requirement of billing the Wisconsin Shares program.

2

Contact the parents

Contact the parents to determine the child's actual hours of attendance. Anytime a local agency is reviewing a provider's attendance records, corroborating the child's time of attendance with parents is a useful method for confirming or disproving a provider's billing records.

3

Require the provider to submit attendance and payment records for families that pay for child care costs out of their own personal funds

The local agency can confirm the number of private-pay children and the provider's private rates through this method.

4

Conduct an on-site visit

Conduct an on-site visit to monitor the provider and/or review attendance records. One of the most meaningful investigative tools is to visit the child care provider's facility. The Department, local agencies and licensing/certification specialists have the authority to visit and inspect any child care center at any time during licensed hours of operation. By accessing and observing the facility, the agency can determine whether the care of children is taking place, whether the care that is occurring is consistent with the provider's billing records, and whether there are any other indicators of suspicious activity. During an on-site visit the agency should review the attendance records and, at the agency's discretion, remove a portion of the records for auditing purposes.

When conducting an on-site visit, the local agency or their contractor must treat the provider with courtesy and respect. Photo identification should always be presented prior to entering the facility. If records are removed, the local agency must leave a [Removal of Records Receipt](#) with the provider stating the date range of the records taken. When removing original records, the provider should be given an opportunity to make copies of the records if they have a photocopier onsite. If copies were not made on-site, the local agency or its contractor should make copies of the records and send them to the provider within 10 days of the visit.

4.5 Referrals – Citations: Statutes and Administrative Codes

- Administrative Code
 - DCF 201.03(3) – Monitoring
 - DCF 201.04(6) – Monitoring of Child Care Programs
 - DCF 250.12 – LFAM Complaints
 - DCF 251.12 – LGRP Complaints

4.5.1 Referrals – Policy Overview

It is critical that the Department and local agencies establish networks to promote the communication of referrals of suspected fraud within the Wisconsin Shares program or other public assistance programs. Established lines of communication need to be maintained interchangeably among DCF Bureau of Program Integrity (BPI), DCF Wisconsin Shares Policy, YoungStar staff, DCF licensing specialists, certifiers, authorization workers, eligibility workers, economic support workers, public assistance employees, child support workers and attorneys, state, county, tribal and municipal employees. All of these individuals are the eyes and ears for identifying public assistance fraud and what may have been identified in one program by an individual may also be occurring by the same individual in another program.

A referral network with other public assistance workers must be established to receive potential fraud referrals from child care providers, employees, parents, neighbors of child care centers, and concerned citizens. A strong network will assist in communication during the establishment of an overpayment or fraud investigation. These individuals also possess first-hand knowledge of fraud and program violations.

DCF BPI maintains a central repository of all provider fraud referrals to track and prioritize the severity of the referrals. Local agencies are encouraged to track and prioritize the referrals they receive in order to properly triage each referral.

4.5.2 Referrals – Prevention

Referrals relating to program violations within the Wisconsin Shares program are received via phone calls, emails and letters from a variety of sources such as the licensee, parent, child care center employee, regulator, state or local agency employee, concerned and informed citizen, and a person wishing to remain anonymous. Referrals may also come from the red flag report, CCAP, YoungStar, EOS reports, WEBI Data Warehouse reports, violation of the 60/40 rule, CARES alerts through the BV subsystem, external community partners (such as Child Support agencies, W-2 agencies, Housing Authority, Social Development Commission and the Department of Human Services), the fraud referral hotline, the child care subsidy help desk, the MECA client fraud referral hotline and the DCF Joint Child Care Anti-Fraud Task Force.

Referrals may be forwarded to DCFBPI at dcfmbchildcarefraud@wisconsin.gov, the fraud hotline (877-302-3728) or in Milwaukee County (414-289-5799).

4.5.3 Referrals – Detection

Tracking a Referral

Local agencies are responsible for establishing a tracking method for all referrals. Technical assistance on the process of tracking referrals is available from the BPI by contacting dcfmbchildcarefraud@wisconsin.gov.

It is critical that all referrals are forwarded to the Department or local agency immediately and that all referrals are processed immediately to ensure the care and safety of children is protected and integrity of the Shares program is maintained. It is important to process referrals in order to track volume of referrals received as well as to provide a historical record for investigators to reference when following up on leads when conducting their investigations. Establishing a strong referral network and good lines of communication with other public assistance workers should assist in receiving referrals.

4.6 Investigations – Citations: Statutes and Administrative Codes

- Statutes
 - 48.685 – Caregiver Background Check
 - 49.155(6m) – Recordkeeping
 - 49.155(7)(b) – Shares suspension (reasonable suspicion)
 - 49.155(7m) – Penalties
- Administrative Code
 - DCF 201.04(5) – Overpayment recovery and penalties
 - DCF 201.04(5)(c)1 – Refusal of new authorizations
 - DCF 201.04(5)(c)2 – Revoking existing authorizations

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- DCF 201.04(5)(c)3 – Refusal of payment
 - DCF 201.04(5)(c)4 – Recoupment of overpayment
 - DCF 201.04(5)(c)5 – Forfeiture on the provider
 - DCF 201.04(5)(cg) – Forfeitures
 - DCF 201.04(6) – Monitoring of child care programs
 - DCF 201.07 – Provider appeal rights
 - DCF 250.04(6)(b) – LFAM children's records
 - DCF 251.04(6)(b) – LGRP children's records

4.6.1 Investigations – Policy Overview

If a local agency suspects a violation of the Shares program by the provider an investigation shall be performed by the local agency.

Provider Program Violations

A local agency or the Department as required by DCF 201.04(5)(b), shall take all reasonable steps to recover from a provider any overpayments made for child care services for which the provider was responsible or overpayments caused by agency error that benefited the provider.

Some examples of program violations by the provider are (but are not limited to):

1. The provider knowingly reported hours of attendance greater than the actual hours of attendance in order to receive a higher payment.
2. The provider reported the child in attendance at their authorized location when the child was elsewhere. Field trips are excluded.
3. The provider was in violation of their licensing limits regarding the maximum number of children in care or the provider-to-child ratios for an age group.
4. The provider was in violation of their licensing limits regarding age of children, and hours, days and months of operation of the child care center.
5. The provider benefitted by receiving more child care reimbursement than otherwise would have been paid on the family's behalf under the Shares program.
6. Falsely representing their staffing in their Shares Registry Program Profiles in order to receive a higher YoungStar rating.

If the local agency reasonably suspects that the program violations by the provider are intentional, the local agency shall consider permanent suspension of Shares payments to the provider as authorized in s. 49.155(7)(b) and s.49.155 (7m). Some examples of intentional actions by providers, but not limited to the following are:

- Billing for more hours of care per week than the provider's license or certification permits (aka: time space continuum).
- Hiring parents as employees of the child care, certifying the hours they will be working to the local authorizing agency and the parent employee never, rarely, or does not consistently work the certified number of hours.
- Hiring parents as employees of a secondary business owned by the provider, certifying the hours they will be working to the local authorizing agency and the parent employee never, rarely, or does not consistently work the certified number of hours.

- Billing the Shares program after the authorized child care facility has been closed and a new authorization has not been issued for another location.
- Collusion with the client to receive undue payments. This may also be client fraud.
- Intentional occurrences of the program violations listed previously in this section.

4.6.2 Investigations – Findings and Enforcement

At either the conclusion of the investigation or when the local agency has gathered sufficient evidence, the agency needs to determine the appropriate enforcement measures.

1. Determine if an overpayment has occurred. If the provider received reimbursement above what they were eligible to receive, the local agency is required to calculate an overpayment. (See section 4.7.1)
2. Determine if additional enforcement actions are appropriate. When considering additional enforcement actions, the local agency must consider:
 - Did the provider submit false, misleading, or irregular information?
 - Did the provider fail to comply with any of the requirements of the Wisconsin Shares program and fail to provide a reasonable explanation to the local agency for the noncompliance?

If either of the above questions can be answered “yes,” the local agency should consider additional enforcement action. Depending on the intent and/or severity of the violations found during the investigation, the local agency may take one or more of the following enforcement actions:

A. Refuse to issue payments to the provider [DCF 201.04(5)(c)3]

This payment refusal is separate from the indefinite suspension of payments in bullet E below. Local agencies should use this option when the provider has submitted questionable, false, misleading, or irregular information in their Shares billing (either through the attendance report form or online entry). The worker may refuse to process the payment until the provider has submitted a valid attendance report. Additionally, the worker may audit the provider’s sign in/out sheets to verify the claimed attendance for billing prior to processing the attendance for payment.

To refuse to issue a payment to a provider, the local agency must provide a notice generated on the local agency letterhead that includes the reason(s) for delayed payment and the amount, the s.49.155 and/or DCF 201.04(5)(b) and (c) administrative rules that were violated, and how the provider can receive the denied payment. The notice sent to the provider should include clear instructions on the corrective action necessary for the provider to receive the withheld Shares payment.

B. Refuse to issue new child care authorizations to the provider for up to six months [DCF 201.04(5)(c)1]

Local agencies may use this option when a provider is in noncompliance with Wisconsin Shares rules. Additionally, this option is appropriate when a provider has exceeded their licensed or certified capacity and additional authorizations would likely put the provider in excess of capacity.

To refuse to issue a new authorization, the local agency must provide a notice to the parent, generated on the local agency letterhead that includes the reason(s) for refusal of the authorization, the s.49.155 and/or DCF 201.04(5)(b) and (c) administrative rules that were violated, who the parent can contact regarding the authorization refusal and the process for the parent to appeal the denied authorization.

C. Revoke existing child care authorizations to the provider [DCF 201.04(5)(c)2]

This option may be used by local agencies for more severe situations. The worker may revoke specific authorizations that have been improperly billed for or the worker may revoke all authorizations to the provider if the situation warrants. This action is also required for all authorizations to a provider whose license has been revoked, suspended, or denied.

To revoke an authorization, the local agency must end the authorization in CSAW which will generate a notice to both the parent and the provider that the authorization has ended and the effective date. Only the parent has appeal rights to the revoked authorization.

D. Impose a forfeiture against the provider [DCF 201.04(5)(c)5]

Local agencies may also impose a forfeiture against a provider for more severe violations. The total forfeiture may be from \$100 to \$10,000 per violation and must be calculated based upon specific violation dates related to specific children. The 6 factors listed in DCF 201.04(5)(cg) shall be considered in determining the forfeiture amount.

Example 1:

Marcie's Daycare has been reporting attendance for Johnnie when Johnnie didn't actually attend the center. Specifically, the provider reported and billed for attendance Monday through Friday on the second week of June resulting in being reimbursed for care that did not take place. The local agency decides to impose a forfeiture against the provider for this violation and determines that there are five specific instances (each day of the week) for which the forfeiture should apply. By calculating \$100 for each violation, they impose a forfeiture of \$500 against Marcie's Daycare.

Example 2:

Regena's Rugrats has been reporting an additional two hours of daily attendance for Emma for Monday through Friday during the first week of August resulting in being reimbursed for care that did not take place. The local agency decides to

impose a forfeiture against Regena's Rugrats for this violation. The local agency imposes a forfeiture of \$100 against Regena's Rugrats for the first week of August.

To impose a forfeiture, the local agency must provide a notice to the provider generated on the local agency letterhead that includes the reasons and calculations behind the forfeiture, the amount of the forfeiture, the s.49.155 and/or DCF 201.04(5)(b) and (cg) administrative rules that were violated, payment instructions and the process for the provider to appeal the forfeiture.

**E. Permanent suspension/withholding of payment to a provider
[s.49.155(7)]**

The Department or local agency has the authority to indefinitely withhold payments to a child care provider if any of the following apply:

- a. The person has been convicted of committing an offense that relates to the care of children or the Department or local agency determines that the offense substantially relates to the operation of a business.
- b. The person is a caregiver and is subject to a pending criminal charge that the Department or local agency determines substantially relates to the care of children.
- c. The person has abused or neglected a child under s.48.981.
- d. The Department or local agency reasonably suspects that the person has violated any provision of the Wisconsin Shares program under s.49.155.
- e. If a provider submits false, misleading or irregular information to the department or if a provider fails to comply with the terms of the program **and** fails to provide a satisfactory explanation to the department for the noncompliance, the department shall:
 - 1) Recoup payments made to the provider.
 - 2) Withhold payments to be made to the provider.
 - 3) Impose a forfeiture on the provider.

DCF and/or the local agency shall use but is not limited to the following factors in determining reasonable suspicion and permanent suspension from the Wisconsin Shares program:

1. Intentional program violations established through investigations by local agencies;
 - o Billing for more hours of care per week than the provider's license or certification permits (aka: time space continuum).
 - o Caring for children for more hours per week than the provider's license or certification permits.
 - o Hiring parents as employees of the child care, certifying the hours they will be working to the local authorizing agency and the parent employee either never, rarely, or does not consistently work the certified number of hours.
 - o Hiring parents as employees of a secondary business owned by the provider, certifying the hours they will be working to the local authorizing agency and the parent employee either never, rarely, or does not consistently work the certified number of hours.

- Billing the Shares program after the authorized child care facility has been closed and a new authorization has not been issued for another location.
 - Collusion with the client to receive undue payments. This may also be client fraud.
 - Intentional occurrences of the program violations listed previously in this section.
 - A provider who manipulates their YoungStar Program Profiles to increase their YoungStar rating which will increase their Shares payment.
2. Revocation actions taken by the Department of Children and Families or local agency certifying agencies related to fraud or attendance related violations;
 3. Qualitative and quantitative indicators, including:
 - Provider data shows quantitative trends indicating a high chance of fraudulent activity (examples include: a high ratio of children or reimbursements per slot, attendance over licensed capacity, and 100% utilization of attendance);
 - Credible referral has been received by the local agency or YoungStar office;
 - Provider offers significant financial incentives (or incentives with significant financial value) to enrollees;
 - Department or local agency has other compelling evidence that the provider is improperly receiving Wisconsin Shares payments.
 4. On site indicators including:
 - No access – the provider’s business was not accessible during regulated hours on the date of the on site investigation;
 - Minimal attendance – less than 25% of the enrolled children are observed to be in actual attendance during the on site investigation;
 - Attendance records not readily available and not produced immediately upon request during a site visit or no attendance was observed during a period of surveillance;
 - Attendance related licensing/certification violations – Facility received more than one attendance related licensing violation;
 - Facility received more than one enforcement action related to one of the following compliance issues:
 - Over regulated capacity
 - Providing care outside of approved location
 - A teacher reported working full time at one location while reportedly working at another location on the YoungStar Program Profile.

A provider whose payments are suspended under s.49.155 (7)(b) or s.49.155 (7m) will have all payments held in CSAW beginning the effective date of the suspension. All authorizations will be ended the Saturday immediately following the suspension dated entered in CSAW and the provider will become a 1-star rated provider in YoungStar.

The Department or local agency will send a suspension letter to the provider explaining the agency is refusing payments for child care, the reasons for the refusal and the provider's right to a hearing. A system-generated notice will be mailed to the provider and the parents with authorizations, informing them the authorizations ended and the effective date.

Other actions the local agency may choose to pursue, but not limited to the following, include:

1. If a child care provider has violated any licensing or certification rules, these should be referred to DCF Bureau of Early Care Regulation or the local certification agency.
2. A provider whose license is *suspended, revoked or denied* will have all current authorizations ended the Saturday of the week of the suspension **or** the Saturday of the week that the notice of *revocation/denial* is received by the provider. CSAW will generate an End Authorization Notice to both the parent and the provider informing them of the authorizations being ended and the effective date. The notice includes the right to appeal the action only for the parents. Local agencies shall continue to deny authorizations for new children after the date of the licensing action.
3. The local agency shall communicate with their corporation counsel to discuss and establish thresholds and criteria when providers are referred to local law enforcement and the district attorney for consideration of possible criminal prosecution.
4. Conditional reinstatement of privileges in the Wisconsin Shares program. The Department or local agency may agree to reinstate a provider in cases where the provider's conduct was such that the provider can be expected to comply with program requirements in the future. Reinstatement in the program normally involves a conditional removal of the refusal to pay or to authorize. The Department or local agency develops a written stipulation explaining the required conditions for reinstatement, including any hearing rights. The notice must be signed and returned by the provider prior to reinstatement.

The conditions may include required actions by the provider before Wisconsin Shares payments and/or authorizations resume; and/or may include required actions by the provider during a probationary period upon conditional reinstatement, in the Wisconsin Shares program. Required actions by the provider may include, but are not limited to the following:

- Repayment of overpayments in full or evidence of an agreed upon repayment schedule and compliance with the repayment schedule;
- Repayment of liens, settlements, judgments, etc. or evidence of an agreed upon repayment schedule and compliance with the repayment schedule;
- Improved physical conditions of the child care center;
- Proof that specific individuals no longer reside at or are no longer permitted on the premises of the child care center;

- Submission of completed SISO's for a specified period of time;
- Limited hours of operation until the provider proves violations have been corrected;
- Scheduled or completed training by the provider relating to but not limited to the following:
 - Completion, maintenance, compliance, and organization of daily attendance records;
 - Completion, maintenance, compliance, and organization of attendance reporting;
 - Regulation limits, capacity, and location authorizations;
 - Care for parent-employee children and the 60/40 rule;
 - Relationships between secondary businesses owned/operated by the provider and the child care center;
 - Relationships between provider and other child care providers and the care for other provider's employee's children;
 - Obligations as an employer (federal, state, and local reporting);
 - Recruitment of children to care for (subsidy and private-pay).
- New procedures and/or policy and/or practices, such as:
 - Change authorizations to attendance-based;
 - Limit the number of hours the provider may operate;
 - Require that records be completed in a certain format;
 - Automated attendance system;
 - Parent sign-off; or
 - Other actions as deemed appropriate by the Department or local agency.

4.7 Overpayments – Citations: Statutes and Administrative Codes

- Statutes
 - 49.155 (7)(b) – Shares suspension (reasonable suspicion)
 - 49.155(7m) – Penalties
- Administrative Code
 - DCF 201.04(2)(a)1 – Vouchers
 - DCF 201.04(5)(b) – Provider Overpayment Recovery and Penalties
 - DCF 201.04(5)(bm) – Joint Liability
 - DCF 201.04(5)(c) – Penalties for subsidy violations
 - DCF 201.04(5)(e) – Recoup from funds payable to continuing provider
 - DCF 201.04(5)(ed) – Recoup from funds payable to provider who is not continuing
 - DCF 201.07 – Provider appeal rights
 - DCF 250.04(1) – LFAM Terms of License
 - DCF 250.05(4) – LFAM Staffing and Grouping
 - DCF 251.04(1) – LGRP Terms of License
 - DCF 251.05(4) – LGRP Staffing and Grouping

4.7.1 Overpayments – Policy Overview

Provider Overpayments

The Department and local agencies shall take all reasonable steps necessary to recoup or recover, from a provider, any overpayments made for child care services. The Department and local agencies have a fiduciary responsibility for the payments being made on behalf of Shares participants and for calculating and recouping inappropriate payments; therefore, all calculated overpayments resulting from an attendance record review, regardless of the dollar amount, must be established in CSAW.

The agency shall recover an overpayment from a provider when they have received payment for care they did not provide or when operating outside of regulation. Examples include but are not limited to:

1. The provider recorded incorrect hours of attendance which caused an overpayment. This applies to both enrollment and attendance based authorizations.

Example: The provider reported 30 hours of attendance instead of 20 hours of attendance on an attendance-based authorization.

2. The worker entered incorrect authorization or provider information or failed to act on reported information resulting in an authorization related overpayment.

Example: The worker issued an enrollment-based authorization of 50 hours for a school-aged child that should have been for only 20 hours.

3. The provider did not report to the local agency that a child stopped attending the child care center.

Example: The parent has decided to change providers. The provider knows the child will no longer be in attendance but fails to notify the agency or indicate the termination on the attendance report form.

Example: The parent reports changing providers. The worker issues a new authorization for the new provider but fails to end the authorization for the previous provider.

4. The provider is not operating within regulation during the hours for which attendance was paid.

Example: The providers' license was suspended, more children were in care than the regulation allowed, and/or care occurred at a location other than the authorized location, or care was provided before or after licensed hours of operation.

5. The provider falsely represented the staffing information on their YoungStar Program Profile in order to receive a higher YoungStar rating, which increases the Wisconsin Shares payment they receive.

Establishing a Provider Overpayment

The Department and local agencies shall establish all provider overpayments. All calculated overpayments resulting from an investigation and attendance record review, regardless of the dollar amount, shall be established in CSAW. The agency shall recover an overpayment from a provider when they have received payment for care they did not provide or when operating outside of regulation.

For provider overpayments, the negative adjustment amounts shall be entered in CSAW for each affected week and authorization. If the provider meets the definition of an inactive provider, CSAW will update the CARES BV system and the provider overpayment information will display on the BVCO screen. (See section 4.8.1)

Example 1: Jason is authorized at Marcie's Daycare for 35 hours per week. The provider billed Wisconsin Shares for 35 hours of attendance the week of 4/11/2010 but Jason only attended 20 hours. She billed for 42 hours of attendance the week of 4/18/2010 but Jason only attended 25 hours. The provider reported more hours than Jason actually attended; therefore, a total overpayment of 25 hours is established against the provider.

Week of 4/11/2010= (35 hours authorized-20 hours attended = 15 overpaid hours)
Week of 4/18/2010= (35 hours authorized-25 hours attended = 10 overpaid hours)
Total overpayment= (15+10 = 25 hours)

Using on the Shares reimbursement rate the provider receives for Jason, the worker will determine the dollar amount of the overpayment that will be established in CSAW.

Example 2: Jason is authorized at Marcie's Daycare for 40 hours per week. The provider billed Wisconsin Shares for 40 hours of attendance the week of 4/11/2010 but Jason only attended 35 hours. She billed 40 hours of attendance the week of 4/18/2010 but Jason only attended 37 hours.

The provider billed more hours than Jason actually attended, which is a Shares program violation; however, no overpayment would be established against this provider because a provider is only paid up to 35 hours.

Week of 4/11/2010= (40 hours authorized-35 hours attended = 0 overpayment hours)
Week of 4/18/2010= (40 hours authorized-37 hours attended = 0 overpayment hours)
Total overpayment= (0+0 = 0 hours)

Classifications of Provider Overpayments

Intentional Program Violation (IPV)

An IPV is an intentional act where the provider is knowingly billing for more hours than a child is actually in attendance, knowingly completing and maintaining attendance records that do not accurately capture the actual attendance of a child, and/or otherwise billing in such a way that they intentionally are receiving higher reimbursements than they are

entitled to. This type of overpayment will be recouped at 50% of future Shares issuances if the provider continues to participate in the Shares program.

- Overpayments may be calculated for the following and may be considered an IPV if the following apply but are not limited to:
 - Overbilling:
 - Systematic overbilling
 - Attendance records reflect a schedule of when the children are anticipated to be in attendance rather than actual attendance times
 - Child is billed as attending, yet the child's name is not on attendance records
 - Child is billed as attending, yet the child is marked as absent on attendance records
 - Child is billed as attending, yet the child has no hours recorded on attendance records
 - Billing 100% of authorized hours instead of actual attended hours
 - Attendance records are identical from week to week, indicating that they do not reflect actual hours of attendance
 - Over Capacity:
 - Attendance records are not accurate, rather times are entered in such a way to make it appear the provider is not over capacity
 - Repeated occurrences for being overcapacity identified in the attendance record review
 - Multiple citations, warnings, or notices relating to being overcapacity
 - Overcapacity is not, in of itself, an IPV. Rather it may be a supporting indicator of intentional violations.
 - Over Ratio
 - Attendance records are not accurate, rather times are entered in such a way to make it appear the provider is not over ratio
 - Repeated occurrences for being over ratio identified in the attendance record review
 - Multiple citations, warnings, or notices relating to being over ratio
 - Over ratio is not, in of itself, an IPV. Rather it may be a supporting indicator of intentional violations.
 - Operating Outside of Regulated Time
 - Attendance records are not accurate, rather times are entered in such a way to make it appear the provider is not operating outside of regulated hours
 - Repeated occurrences for being outside of regulated hours identified in the attendance record review
 - Multiple citations, warnings, or notices relating to being over numbers
 - Operating outside of regulated time is not, in of itself, an IPV. Rather it may be a supporting indicator of intentional violations.

- Intentionally falsifying YoungStar Program Profile information

When establishing the overpayment in CSAW, an “Adjustment Category Code” of “IV” should be used to designate the overpayment as an intentional program violation. An intentional program violation code of IV indicates that the provider has or will receive additional enforcement actions that may include being suspended from the Shares program.

An IPV must include an enforcement action beyond the overpayment resulting from an investigation. This action will include suspension of payment, levying of a fine or forfeiture against the provider, and/or a referral to local law enforcement for criminal investigation. (See 4.6.2 for details)

Provider Error (PE)

A PE is an unintentional or inadvertent error made by a provider who reported incorrect information or failed to report information to the Department or local child care agency. This type of overpayment will be recouped at 25% from future Shares issuances to a continuing provider.

- Overpayments may be calculated for the following and may be considered a PE if the following apply but are not limited to:
 - Overbilling
 - Rounding errors
 - Poor math
 - “Sloppy” reporting
 - Over Capacity
 - Does not appear to be a history of being over capacity, may be a one time occurrence
 - Occasional violations
 - Over Ratio
 - Does not appear to be a history of being over ratio, may be a one time occurrence
 - Occasional violations
 - Operating Outside of Regulated Time
 - Does not appear to be a history of being outside of regulated hours, may be a one time occurrence
 - Occasional violations
 - Unintentionally displaying incorrect information on the YoungStar Program Profile such as
 - New director of the facility
 - Change in ownership of the facility

A PE is to be used for a provider who will not be suspended from the Shares program. If the provider ceases operation (voluntarily, licensing action or other non-Shares action), the provider is responsible for arranging repayment of the overpayment with the Department or local agency.

Agency Error (AE)

An AE occurs when an agency commits a calculation error or a system such as CSAW calculates an authorization or payment amount for more than a provider was entitled. This type of overpayment will be recouped at 10% from future Shares issuances to a continuing provider.

4.7.2 Overpayments – Prevention

Numerous resources are available to child care providers such as but not limited to:

- “[DCF Provider Newsletter](#)” newsletter is a provider newsletter, aimed at regularly sharing important subsidy program and YoungStar information directly with providers who care for children who receive assistance from the [Wisconsin Shares Subsidy Program](#).
- Inquiry packets distributed by the Bureau of Early Care Regulation for prospective licensed providers. The packet contains pertinent information and outlines the steps required to become a licensed childcare provider.
- [Wisconsin Shares Subsidy Policy Guide](#) for Child Care Providers
- [Wisconsin Shares Child Care Subsidy Program website](#)
- By submitting attendance records either electronically or on paper, the child care provider signs, either on paper or electronically Child Care Attendance Record Form (ARF) a statement that confirms the records are complete and accurate to the best of their knowledge. In signing this document, they agree that if they submit inaccurate attendance information, they may be referred for fraud investigation.
- Information received from certifiers.
- YoungStar newsletter.

4.7.3 Overpayments – Detection

Statute of Limitations

Claims for incorrect payments due to an intentional program violation or provider error, may be established up to six (6) years prior to the notification date of the overpayment, also known as the date of discovery.

The overpayment period for an agency error claim ends with the month the error last occurred and extends back 12 months or when the error first became effective, whichever is most recent. The overpayment period for an agency error overpayment cannot begin more than 12 months prior to the notification date of the overpayment.

For situations where an authorized child care provider cares for children, and later it is discovered that the client was not eligible or entitled to that service, do not penalize the provider for giving care in good faith. In this situation, pursue recovery from the ineligible client.

Provider Overpayments

The Department or local agency shall take all reasonable steps necessary to recoup or recover from a provider any overpayments made for child care services for which the provider was not eligible for, any of the following, but not limited to:

1. **A provider who over bills/over reports** - a provider received reimbursement based on attendance records that bill for more hours than a child actually attended. Providers who claim attendance for more hours than a child attends a child care facility are out of compliance. An overpayment shall be established after an audit of the sign in and sign out times on the attendance reports compared to the hours that the provider billed to Wisconsin Shares, reveals over billing.

Example: According to the provider's SISO, Jenny Jones arrived at 7:25 a.m. on February 17 and left at 3:55 p.m.. However, when Jenny's hours were reported on the standard ARF, the provider billed her as arriving at 7:00 am and leaving at 4:00 p.m. The total overpayment would be for 25 minutes from the morning, because rounding rules instruct the provider to report Jenny as arriving at 7:30 a.m. on the ARF. Providers bill weekly totals online, unless they are on In/Out mode.

Example: A provider billed for John Smith attending 40 hours the week of August 10; however, no attendance records were available when the Department made the onsite visit. 35 hours are considered a full-time authorization; therefore, a 35 hour overpayment would be established.

2. **Unauthorized location** - a provider received reimbursement for care provided at a location other than the location for which the authorization was issued. Providers who claim attendance for children at a location that is not authorized/regulated are out of compliance with their regulation for the time period in which this care occurred and an overpayment shall be established.

Care at a location other than the authorized location: Identify the children and associated hours that were cared for at an unauthorized location. All hours reported that took place at an unauthorized location are overpayment hours. This does not include organized field trips.

Example: Tim Thomas has an authorization for a child care provider at location 001; however, on October 28 7 hours of care is provided at location 002. The overpayment shall be established for the full 7 hours since Tim's authorization was not for location 002.

All instances of children being cared for outside of their authorized location should be reported to the regulating agency (Local Certifier or DCF Bureau of Early Care Regulation).

3. **A provider who is over capacity** - a provider received reimbursement for care when the provider was in violation of the limits on the maximum number of children in care. Providers that are out of compliance with their regulation are subject to

overpayments for the period in which they were out of compliance, as they are not considered properly regulated during that period.

When determining the overpayment, consider all children in care at the time that the provider is over capacity to be improperly authorized. All instances of children being cared for by a provider who is over capacity, should be reported to the regulating agency (Local agency Certifier or DCF Bureau of Early Care Regulation).

Calculating the Overpayment:

For attendance based authorizations – Determine the total number of hours that the provider was over capacity. During these hours, consider all children who are authorized on an attendance basis to be overpaid.

Example: Mary Jones is a licensed family provider with a capacity of 8 children. On April 12, she had ten (10) children in care between 3:00 p.m. and 5:00 p.m. Six of those children were authorized and reported as attending from 8:00 a.m. to 5:00 p.m. and four school aged children attended from 3:00 to 8:00 p.m. An overpayment would be calculated for all Shares children that were in care from 3:00 p.m. to 5:00 p.m., which is the time during which the provider had more than 8 children and therefore was over capacity.

For enrollment based authorizations – Determine the total number of hours that the provider was over capacity for the week. During these hours, consider all children who are authorized on an enrollment basis to be a potential overpayment. For each child with an enrollment authorization:

- Determine the number of hours that the child was in attendance during the period the provider was over capacity.
- Subtract this number from the hours authorized to calculate the revised payable hours allowable for that week.
- If the original authorization is 35 hours or less, calculate the difference between the original authorized level and the new payable hours allowed and multiply the difference by the effective hourly rate to determine the overpayment for that week.
- If the original authorization is greater than 35 hours, calculate the payable hours allowed for that week.
 - If this amount is less than 35, subtract the payable hours allowed from 35 and multiply the difference by the effective hourly rate to determine the overpayment for that week.
 - If this amount is 35 hours or more, there is no overpayment due since the payable hours allowed still represent a full time authorization.

Example: Linda Smith is a licensed family provider who was over capacity from 2:00 p.m. – 5:00 p.m. on October 12. Jeff and Mary are subsidized children with 35 hour/week enrollment authorizations and attended all day on October 12. David is a subsidized child with a 45 hour/week enrollment authorization and attended all day on October 12 including the hours that the provider was over capacity. Jeff and Mary both have payable hours of 32 (35-3) hours due to the over capacity and thus have 3 hours x the hourly rate as their overpayments. David has payable hours of 42 (45-3) hours and thus has no overpayment since he is still over 35 hours (full time).

If school bank hours were claimed for the child during the week, the first hours identified for overpayment will be the school bank hours. These hours are calculated at the agency hourly rate rather than the effective hourly rate.

4. ***Out of ratio*** - a provider received reimbursement for care when the provider was in violation of the required provider-to-child ratios for children of various ages. The overpayment is calculated using the same method as calculating an overpayment due to over capacity, as mentioned above.

For provider-to-child ratios allowed for each type of provider, see Table [DCF 250.05](#) for licensed family centers, table [DCF 251.05-D](#) for large group centers and table [DCF 202.08\(6\)](#) for certified providers. All instances of children in the care of a provider, who is out of ratio, should be reported to the regulating agency (Local agency Certifier or DCF Bureau of Early Care Regulation).

Example: A licensed family provider has a capacity of 8 children. On January 29, she had three children in care under the age of two and five children in care between the ages of two and four from 8:00 a.m. to 1:00 p.m. The provider is out of ratio since licensing rules allow the provider to care for up to two children over the age of two, when three children under the age of two are in care. An overpayment would be calculated for all Shares children that were in care from 8:00 a.m. to 1:00 p.m., which is the time during which the provider was out of ratio.

5. ***A provider who claims attendance outside of regulated hours*** - a provider was in violation of the terms of the provider's license, including the age of children served by the center and hours, days and months of operation of the center. Providers who claim attendance for children during times that they are not regulated or at a location that is not authorized/regulated, are out of compliance with their regulation for the time period in which this care occurred. Payment for attendance outside of regulation results in an overpayment for all subsidized children during the period the provider was out of compliance.

The overpayment is calculated using the same method as calculating an overpayment due to over capacity, as mentioned above. Identify the children who were cared for during unregulated hours and the associated hours of attendance. All hours reported that were outside the hours allowed by the provider's license or certification are considered to be overpayment hours.

Example: Sue Jones is licensed to provide care from 6:00 a.m. to 6:00 p.m. Her sister, Mary Jones, works from 3:00 to 11:00 p.m. and Sue is paid for the care she provides to Mary's children from 2:30 to 11:30 p.m. In calculating the overpayment, consider the hours from 6:01 to 11:30 p.m (5 ½ hours) to be overpayment hours.

All instances of children being cared for outside of regulated hours should be reported to the regulating agency (Local agency Certifier or DCF/Bureau of Early Care Regulation).

4.7.4 Overpayments – Recovery

Recovery of Provider Overpayments

All overpayments made to a child care provider, whether the overpayment is due to provider error, agency error or an intentional program violation, must be collected. The collection method depends on whether the provider is active or inactive. The Department or local agency calculates the overpayment and establishes it in CSAW, which will generate a Child Care Payment Adjustment Notice of Decision. The notice is mailed to the last known address in CSAW and informs the provider of the overpayment, child(ren)'s names and attendance date(s) that caused the overpayment, hours billed, amount paid, adjusted amount, the reason for the overpayment and the provider's appeal rights.

The provider may also receive an individualized Notice of Overpayment, mailed to the last known address in CSAW, from the Department or local agency that established the overpayment. This letter should be generated on local agency letterhead and include the amount of the overpayment, the percent of current and future Shares payments that will be withheld, which DCF 201.04(5)(b) and (c) administrative rules were violated to create the overpayment and the process for the provider to appeal the overpayment. If the local agency sends a manual notice of overpayment, it should be sent at the same time as the system generated notice, so that the time period to appeal is the same.

Recovery of an overpayment will occur in one of the following ways depending on the status of the provider:

1. If the provider is active and has a current authorization they are receiving payment for, CSAW will deduct up to 50% of the provider's future payments until the negative adjustment has been paid in full. Depending on the type of violation, the overpayment can be recouped at the following percentages:
 - Agency error (AE) is recouped at 10%,
 - Provider error (PE) is recouped at 25%,
 - Intentional program violation (IPV) is recouped at 50%
2. A provider is considered inactive in the Wisconsin Shares program and referred to the benefit recovery (BV) system in CARES when a negative adjustment has been entered **and all 4** of the following criteria have been met:
 - a. The provider has not received payments at any location for the past 6 weeks, and
 - b. Does not have any special payments outstanding, and
 - c. Does not have any open authorizations against which attendance can be logged for the past 6 months, and
 - d. Does not have any attendance that is yet to be paid.

If a provider has been permanently suspended from the Wisconsin Shares program, concluded the appeal process and the investigation is closed and reconciled, the provider will be referred to the BV system to begin the repayment process, without meeting the definition of an inactive provider as described above.

If the child care provider is not active (closed or suspended) and/or not receiving Shares payments, the Department or local agency may recover the overpayment at 100% of any payment held in CSAW.

Correcting an Overpayment

If an overpayment needs to be corrected, the local agency should recalculate the overpayment on an agency worksheet which will be used when correcting the negative adjustment. Be sure **not** to enter in a positive adjustment in CSAW, because that will result in an issuance to the provider.

Manual Provider Payments

If a provider makes a manual repayment (e.g. submits a check) to the Department or local agency, the amount must be applied to the calculated overpayment. The collection should be recorded in CSAW if a 'total balance due' exists under Provider Return and Recovery. Enter the payment amount using the provider Overpayment Returns screen. This process will apply the payment to the calculated overpayment.

The local agency should deposit the collected amount, which will be recorded by DCF. This amount will reduce the agency child care administration grant payment accordingly.

4.7.5 Overpayments – Provider Overpayment Appeal Process

When an enforcement action is taken against a provider such as the determination of an overpayment or a suspension from the Wisconsin Shares program, the provider will receive an enforcement notice from the Department or local agency. This action is appealable within 30 days from the date of the enforcement notice. If the provider appeals the enforcement action, they are instructed to send a letter of appeal to the Division of Hearings and Appeals (DHA) with a copy of the enforcement notice. Requests for a hearing sent to anyone other than DHA do not constitute a proper request. For an active provider, CSAW will continue to recover an overpayment during the appeal process by reducing each issuance up to 50%.

DHA will notify DCF legal counsel or the local agency human services staff of all appealed enforcement actions by sending an acknowledgment of receipt of appeal as well as a copy of the appeal letter. DHA assigns an administrative law judge (ALJ) to the case and DCF assigns an attorney to represent the Department. DHA will also send a notice to the provider and their attorney, if they are represented, that an ALJ has been assigned to the appeal.

Each local agency is responsible for ensuring program integrity in the Wisconsin Shares program. The contract between the counties and the Department requires the counties to provide legal representation as necessary at all hearings. Corporation counsel is strongly urged to provide representation at all provider hearings, and at all client hearings in which the client has representation. DCF OLC is available to provide training and technical support.

Pre-hearing conference call

The ALJ will send notice to the Department or local agency, and the petitioner to set the pre-hearing conference call. During the conference call, the date, time and place of the hearing as well as the date to exchange witness lists and exhibits will be determined. The Department, local agency and the provider may discuss the appeal process and general facts of the case during the call, at the ALJ's discretion.

Witness lists

Includes the name, address and phone number of every witnesses each party will use during the hearing. The number of witnesses may be as few as 2 or as many as 10, depending on the facts of the case. If necessary, DHA can assist in subpoenaing a witness. If the local agency is handling the case, they are responsible for creating and submitting their witness list.

Exchange of exhibits

The DCF legal counsel or local agency legal staff is responsible for submitting all exhibits that will be used in the hearing to the ALJ and opposing party. The exhibits for a provider hearing should include documents that will support the overpayment or suspension such as:

- For a licensed provider- the licensing application, license and transmittal/cover letter from the regional licensing staff
- For a certified provider- the certification application, certified provider number, and transmittal/cover letter from the certifying agency such as a county or tribe, that authorized the certification
- Copy of overpayment or suspension letter
- Any amendments to the Department's or local agency's original overpayment calculation
- Relevant notices of violation (294) from Bureau of Early Care Regulation (BECR)
- Receipt of Property signed by the investigator to the provider during the onsite visit
- Incident reports from BECR (such as a no access visit)
- SISO sheets and attendance report forms (ARF) for the overpayment period
- In/out mode report from CCPI, if applicable
- A spreadsheet of representative weeks of the overpayment calculation (legal staff should work with the lead investigator to understand the calculations)
- Total negative adjustment (overpayment) amount,
- If emails are included, redact any information regarding other providers
- Signed ARF and CCPI language that the provider attests to the accuracy of the information submitted for billing
- Summaries of parent interviews conducted
- The index and overpayment calculation information from the Child Care Chapter 4 manual
- [DCF Provider Newsletter](#) (formerly *Sharing the News*)
- Anything else relevant to the investigation.

Hearing

The individual who completed the investigation will be expected to attend and serve as the policy witness on Shares policies and testify to the facts of the case, the investigative findings and enforcement action(s).

Proposed decision

After the hearing is held, the ALJ may request closing arguments which may be either oral or in writing, at the ALJ's discretion. Within 30 days, the ALJ will draft a proposed decision and submit it to DCF or the local agency and the provider or their attorney if they are represented. At that time, both parties have an opportunity to submit objections to the ALJ's proposed decision.

Final decision

The Department or local agency designee will review objections submitted by both parties and draft the final decision. The final decision may simply adopt the proposed decision. The final decision will be issued to all involved parties in the case. If the provider appeals the decision, they have 30 days to appeal it to circuit court. The provider can also petition for a rehearing within 20 days if the provider can show a material mistake of law or fact or if the provider has discovered new evidence which was unavailable at the time of the hearing.

Dismissal

At various stages during the appeal process, the case may be dismissed. Appeals may be dismissed because they were filed untimely, because the parties have settled the case or because the petitioner has abandoned the appeal.

Remand

A final decision by DHA may be to remand the suspension and/or overpayment if the Department or local agency has not met its burden to prove that the individual intentionally violated the Wisconsin Shares program or received an overpayment.

Stipulation

At various stages during the appeal process, the parties may reach a resolution to their differences. In that case, a stipulation is drafted by the Department's lead attorney or local agency legal staff. The conditions of the stipulation must be approved by the Bureau of Program Integrity Bureau Director or by the designated appropriate local agency official.

4.7.6 Overpayments – Retention of Records

The Department and local agencies are responsible for retaining **all** records, including letters and notices sent by the agency, for a minimum of three years after an overpayment claim reaches a zero balance **or** a minimum of three years after the debt is written off.

4.7.7 Overpayments – Reconciliation Process

When a provider has been suspended from the Shares program and has received a final decision on the suspension and overpayment or has passed the 30 days to appeal a suspension and overpayment, the provider is reconciled in CSAW. The reconciliation process is completed to finalize the suspension and/or overpayment.

DCF handles this process for **all** providers. When an overpayment has been established in CSAW, the Department looks for any held payments for care provided prior to the

suspension date. If there are “pre-suspension” held payments, these are applied to the established and upheld overpayment, reducing the overpayment amount that the provider owes.

The Department also indicates in CSAW that the provider has been permanently suspended, which then refers the provider to the Benefit Recovery (BV) system in CARES to begin recoupment of the remaining overpayment.

4.7.8 Personal Liability for an Overpayment

If the provider is a corporation or limited liability company (LLC), the Department will first attempt to collect the overpayment from that corporation or limited liability company. However, Wis. Stat. § 49.155(7m)(b) allows the Department to recoup overpayments from some officers, directors or employees of a child care provider that is a corporation, and some members, managers, or employees of a child care provider that is a limited liability company. These people may be found personally liable for overpayments if the business, corporation, or limited liability company is unable to repay the Department.

4.8 Collections – Citations: Statutes and Administrative Codes

- Statutes
 - 49.155(7m) – Penalties
 - 49.85 - Certification of certain public assistance overpayments and delinquent loan repayment
 - 49.85(1) – Department Notification Requirement
 - 49.85(2) – Department Certification
 - 49.85(3) – Notice Requirements
 - 49.85(4) – Hearings
 - 49.85(5) – Effect of Certification
- Administrative Code
 - DCF 201.04(5)(b) – Provider overpayments
 - DCF 201.04(5)(c) – Penalties for subsidy violations
 - DCF 201.04(5)(e) – Recoup from funds payable to continuing provider
 - DCF 201.04(5)(ed) – Recoupment from funds payable to provider who is not continuing
 - DCF 201.04(5) (eh) – Warrant and execution under section 49.195(3m), *Stats.*
 - DCF 201.04(5)(ep) – Levy under section 49.195(3n), *Stats.*
 - DCF 201.04(5)(et) – Threshold for warrant and execution and levy
 - DCF 201.07 – Provider appeal rights

4.8.1 Collections – Policy Overview

Referring a Provider to Benefit Recovery (BV)

Once an overpayment has been established for an inactive or permanently suspended child care provider, they are referred to the benefit recovery (BV) system in CARES and onto the

Department's Public Assistance Collection Unit (PACU) for further repayment and collection action, if applicable.

A provider is referred to the BV system either:

1. When a provider is inactive based on the definitions outlined in section 4.7.4, or
2. When a provider has been permanently suspended from the Shares program, the provider is "forced" into the BV system without meeting the criteria of an inactive provider outlined in section 4.7.4.

Once the overpayment has been calculated and the negative adjustment is established in CSAW, a claim gets created on the BVCO (Claims for Child Care Provider) screen. At the end of the first business day of each month, the system will look at the prior month's claim creations, repayment agreements and payments made.

- If a new claim was entered, CARES will automatically generate a repayment agreement to each person liable for the debt.
- If a repayment agreement exists, CARES will look on BVPP (Child Care Provider Repayment Agreement) to see if a returned repayment agreement was entered. If it was, the system will look for payments received during that time period.
- If a repayment agreement was not entered on BVPP or if a payment was not equal to the monthly amount or an amount agreed upon with PACU, CARES generates a dunning notice.

If a repayment agreement **has not** been entered on BVPP and a payment has been made, a dunning notice will be generated. CARES will issue a dunning notice when a repayment agreement is not entered, even if payments are being made. If a provider alerts the worker to this situation, the worker can reset the dunning notices, if the payment satisfies the amount in the repayment agreement; otherwise no action is necessary by the worker.

If a repayment agreement has been entered, CARES looks for payments made the previous month. All payment amounts for a given program must total at least the installment amount on BVPP. If all payments for the previous month **do not** add up to at least the total installment amount, CARES generates a dunning notice.

If a provider receives three (3) dunning notices over the life of the debt, CARES determines the provider to be delinquent and the provider is referred to the Central Recoveries Enhanced System (CRES) for additional collection action including levy, warrant/lien and Department of Revenue (DOR) state tax intercept.

4.8.2 Collections – Collections Process

BVPP – Provider Repayment Agreement

BVPP is used to record all returned provider repayment agreements. All providers for whom an overpayment has been established are required to complete and sign a repayment agreement. If the overpayment is under \$500, monthly installments of at least \$50 per month must be paid. If the overpayment is over \$500, equal monthly installments in an amount sufficient to pay the balance in full within three (3) years or 36 months must be paid.

A payment arrangement can be made by contacting the local agency or Public Assistance Collection Unit (PACU) to negotiate a repayment amount, if the balance can not be paid in three (3) years or 36 months. The minimum payment accepted by PACU is \$20 per month per liable person. Failure to return a repayment agreement or to make a payment arrangement will result in delinquency and further collections actions.

If multiple persons are jointly and severally liable for an overpayment, each will receive a separate repayment agreement; however, an individual and their spouse may both sign one repayment agreement. Each liable individual is responsible for the debt until it is repaid in full; therefore, if one liable individual misses a payment or becomes delinquent, the other individual is still responsible for the debt.

All payments and outstanding repayment agreements must be returned to the local agency no later than the 25th of the month. Repayment summary notices are automatically generated when a monthly payment is made. A provider will receive a repayment summary notice for all payments recorded in CSAW. The notice provides the current balance and serves as a reminder to make the next month's payment.

Dunning Notices

If a provider fails to return a repayment agreement, fails to make a payment or pays too little, they will receive a dunning notice. A dunning notice is a past due notice that informs the provider that they are required to pay the balance of the debt and failure to complete and return a repayment agreement could result in delinquency and further collections actions.

If a provider receives three (3) dunning notices over the life of the debt, CARES determines the provider to be delinquent and the debt is referred to the Central Recoveries Enhanced System (CRES) collection system for additional collection action including levy, warrant/lien and Department of Revenue (DOR) state tax intercept.

If a provider is delinquent on a current overpayment, and he/she receives another overpayment, the second overpayment is automatically considered delinquent, without the provider receiving an additional three (3) dunning notices.

Delinquency Collections Actions

Levy Process

A levy is an involuntary collection from a third (3rd) party, such as an employer or financial institution, who holds a debtor's earnings or property (similar to a garnishment action). PACU is allowed by Wisconsin statute to levy any amount over \$1,000 from an account at a financial institution and/or up to 25% of a debtor's disposable wages to repay a delinquent child care debt. Any debt referred for levy action must be at least \$300.

1. **Notice Prior to Levy (NPL):** PACU sends a NPL to the debtor by certified mail. This notice is a demand for payment in full within ten (10) days and a notification that further legal action is intended to collect the debt. There are no appeal rights given on this notice.

2. **Levy Issuance:** If the debtor does not respond within 10 days after the NPL is sent, the Department will serve the levy on the debtor. If an employer match is found, and no acceptable arrangements have been made, a levy notice is sent by PACU via certified mail to the employer. A copy of the levy is also sent by certified mail to the debtor's last known address. The levy notice contains the debtor's administrative hearing rights on the levy action along with instructions for how to request a hearing. The debtor has 21 days to request a hearing on the levy action with the Division of Hearings and Appeals. If the debtor is granted a hearing, the levy action will continue throughout the hearing process. If the debtor requests an appeal, the appeal is limited to prior payment and/or mistaken debtor identity.

Warrant/Lien

Another collection method used is to issue a warrant which becomes a perfected lien on real and personal property such as a home. The overpayment amount must be over \$300 in order for a warrant/lien to be issued and is only valid in the county where the warrant is docketed. The debtor has 21 days from the date of the notice to request an appeal, which is limited to prior payment and mistaken debtor identity. If the debtor requests an appeal, the warrant will remain in effect during the appeal process. When the amount in the warrant and all costs due the Department has been paid, the Department shall issue a Satisfaction of the Warrant that states the outstanding balance has been paid in full.

DOR State Tax Intercept

If a debt is considered delinquent, the debt is certified to the Department of Revenue (DOR) to offset tax refunds and/or credits. The debtor is sent a notice to their last-known address 30 days prior to certification of an overpayment that the Department intends to recover. The notice informs the debtor that the Department intends to certify the delinquent overpayment to the DOR and that the debtor has 30 days from the date of the letter to request an appeal.

If the debtor requests an appeal, the Department **will not** certify the amount to the DOR during the appeal process. The certified amount represents the total outstanding balance due, and the certification will remain until the debt(s) are paid in full. If the debtor requests an appeal, the appeal is limited to the tax intercept matter.

If the debtor has filed for bankruptcy, the debtor must inform the Department because all collections actions are ceased during a bankruptcy. All bankruptcy notices **must** be forwarded to the Department's Public Assistance Collection Unit (PACU) for handling.

Posting Inactive Provider Collections

If a local agency receives a payment from an inactive provider, the payment should be recorded in CSAW if a "total collection due balance" exists under Provider Return and Recovery. Find the provider in CSAW and under the Provider menu, choose Issuance History, then Overpayment Return and enter the repayment amount using the Provider Overpayment Returns screen.

Provider Overpayment Returns

Provider Overpayment Returns			
Provider Details			
Provider #	1000000000	Provider Name	Marcie's Daycare
Tax #	00-0000000	Tax Indicator	FEIN
Negative Adjustment Information			
		Total Amount to be Recovered	\$1,828.48
Return Information			
Return Amount *	<input type="text"/>		
Return Type *	<input type="text" value="v"/>		
Check #	<input type="text"/>		
Return Source *	<input type="text" value="v"/>		
Office # *	<input type="text" value="v"/>		
<input type="button" value="Distribute >"/>			


If the payment cannot be recorded in CSAW, record the payment on the Child Care Cash Collections/Repayments CARS Profile #9006 form ([DCF-F-DES11087](#)). Retain the payment and submit the completed original plus 2 copies of the form to the DCF Bureau of Finance by the end of the month following the month of collection. Address information is at the bottom of the form. DCF will record the amount on the collections CORE contract code 9025 and reduce the agency child care administration grant payment accordingly.

Once a provider overpayment has been referred to PACU for collections actions, the 'total collection due balance' in CSAW becomes \$0.00 and the following message will display on the Provider Overpayment Returns screen.

Adjustment/Collection Due Information			
Total Negative Adjustment	\$658.16	Total Collection Due Balance	\$0.00

Provider Overpayment Returns

The following error has occurred

 Cannot post payments in CSAW. This provider's overpayments are referred to DCF Public Assistance Collections (PAC). Any payments must be submitted to PAC. Please contact PAC at 1-800-943-9499.

4.8.3 Collections – Delinquency Collections Appeal Process

In provider overpayment cases, the local agency that established the overpayment is also responsible for handling the delinquency collection appeal process for levy, warrant/lien and DOR tax intercept.

The documents that are needed for these hearings are:

- Calculation of the overpayment

- Original overpayment notice which include the provider's hearing rights
- The decision from any prior hearing
- Three (3) dunning notices from the benefit recovery (BV) system
- Signed repayment agreement (RPA), if one exists
- Delinquency collection notice(s)- notice prior to levy, levy notice, DOR certification notice to tax refunds or credits, and notice of warrant docketed
- Any other supporting documentation that will support the reason for the overpayment

PACU will provide the agency with copies of the appropriate delinquency collection action notices, which include levy notices, warrant notices and tax offset notices. If you have not received the documentation prior to the hearing, please contact PACU at 1-800-943-9499 or dwspacu@wisconsin.gov.

The Administrative Law Judge (ALJ) should limit collections hearings to questions of procedure, prior payment and/or mistaken debtor identity; however, under certain circumstances the ALJ may decide to review the underlying merits of the overpayment. Therefore, the agency must be prepared to defend the original overpayment determination as well as the collection action. If the ALJ expands the inquiry into the underlying reason for the overpayment, please alert the DCF Office of Legal Counsel (OLC).

The Department's PACU will receive all requests for collection related appeals and will forward the Request for Summary to the local agency. The agency must complete the Request for Summary and return it to DHA. DHA will then process the appeal and notify the agency of the scheduled hearing date and time.

4.8.4 Collections – Retention of Records

The Department and local agencies are responsible for retaining **all** records, including letters and notices sent by the agency, for a minimum of three years after an overpayment claim reaches a zero balance **or** a minimum of three years after the debt is written off.

4.9 Training and Technical Assistance

DCF is here to assist you and offer technical assistance to better interpret, train, and educate staff on each and every program integrity component detailed in this chapter of the Child Care Subsidy Manual. DCF encourages all local agencies to contact the BPI directly with program integrity questions, clarifications, or concerns. BPI is here to assist all local agencies ensure the integrity of the Shares program. BPI will:

- Make technical assistance resources available on DCF's public website
- Make available Wisconsin Shares data reports on Web Intelligence (WEBI), an internet based report repository
- Offer program integrity trainings at the regional meetings
- Offer customized trainings for local agencies
- Speak one on one with you

The BPI may be reached at dcfmbchildcarefraud@wisconsin.gov. Additional contact information is provided at the end of this manual.

4.10 Confidentiality and Routine Disclosure – Citations: Statutes and Administrative Codes

- Statutes
 - 49.83 – Limitation on giving information

Agencies and workers must adhere to the Department or local agency confidentiality policies. Do not unnecessarily divulge any information about the client, provider, or reasons for the investigation. Agency records and data are confidential and shall be open to public inspection or disclosure only to the extent required by state or federal law.

Agencies may disclose information from the record to any governmental official conducting an investigation, prosecution, or civil proceeding in connection with administration of a DCF program to the extent necessary. The official must submit a written request to obtain the information. The request must include the identity of the person requesting the information, his/her authority to request, the violation being investigated, and the person being investigated. Do not apply this restriction to the district attorney or the fraud investigator. If you have any questions about confidentiality provisions, please contact your corporation counsel or the DCF OLC.

No person may use or disclose information concerning applicants and recipients of a public assistance program for any purpose not connected with the administration of the programs.

Agencies are encouraged to coordinate child care benefit recovery efforts. In most cases, agencies which centralize the benefit recovery functions with one person or work unit are encouraged to have that person or unit perform the child care benefit recovery function as well.

4.11 Contact Information

If you suspect fraud in the Wisconsin Shares program, there are a number of ways to report it:

Provider and client referrals should be directed to:

1. dcfmbchildcarefraud@wisconsin.gov
2. The DCF fraud hotline **877-302-3728**
3. MECA fraud hotline **414-289-5799**
4. Client referrals relating to Milwaukee Early Care Administration (MECA) should be directed to DCFMBMECACCFraud@wisconsin.gov or
5. Submit allegations by filling out the [Report Child Care Fraud form](#)

6. Write to:
Department of Children and Families
Bureau of Program Integrity
PO Box 8916
Madison, WI 53708-8916
7. Public Assistance Collection Unit (PACU)- 800-943-9499 or
dwspacu@wisconsin.gov
8. DCF Legal Counsel at DCFCalLegal@wisconsin.gov

If you would like to speak with a member of the BPI, please email the BPI at dcfmbchildcarefraud@wisconsin.gov or contact the:

- BPI Program and Policy Analyst at (608) 422-6174
- BPI Lead Auditor (excluding Milwaukee County) at (608) 422-6177
- BPI Section Chief at (608) 422-6169